

# Welfarism, demographic restructuring and cost of health care in Japan

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## ABSTRACT

This paper is an assessment of the Japanese Government policies towards health care. Japan is one of the most aged countries in the world. It will tender policy input for social and health care for the elderly. Financial burden on the fiscal economy due to many health care laws in the 1990's like Gold plan, Angel Plan has led to policy conundrum where budgetary allocation for other sectors will have greater implications. Furthermore, the study will find out social problems in Japan due to aging. The findings of health care expenditure, insurance policy implementation will help Japan as well as other developed and developing societies for better health care. Japan is one of the most advanced countries which have highest longevity where the study of this dimension will help to understand demographic change and policy problems related to it. This study will help to understand the dynamics of population pyramid and social care expenditure for better health and social care policies.

## 1. Introduction

Japan is one of the countries among the developed nations to achieve highest longevity and healthy population in recent years. Japanese government took the policy of welfare to cater the need of the population. Health care insurance which started in the 1920's and 1930's to protect and promote healthy demography to pursue Japanese war goals by creating insurance and health coverage for the military in these years. In the beginning, insurance was limited to some groups of society. Secondly, demography at that time was in different phase of development then it is today. So, the demographic pyramid had broad base and narrow top like the developing societies in these early years of 20<sup>th</sup> century in Japan.

Demographic pyramid's structure has changed in Japan from the early years of 20<sup>th</sup> century. The reason behind it is that stagnant population over many years (120million) has led to the aging of the population. Low birth rate with low death rate has changed the population structure. Old age (65 and above age) population which was around 13percent in 1990 has increased to 27percent in the year 2017 as per the statics bureau of Japan.

In Japan in the 1990's, two main challenges arose for the policy makers to tackle the health sector policy issues. One, Japanese economy engulfed in the economic crisis due to "bubble burst", high level of corruption, and growth rate abysmally low which has led to the "lost decade" of economic stagnancy. The growth rate in these two decades hovered around one percent which has created fiscal restraint to be invested in the health care service of the country. Though Japan has spent around 8 percent of the GDP, higher than many countries but is still low as compared to the other OECD countries. Second, demographic structural changes led to more demand from the public (old age citizens) for better old age care.

Health and labor ministry (2016) reports say that the number of people enrolling for the health insurance program and in the last decade the number of subscribers who were

unwilling to pay has been increasing. Further, people who are supposed to pay premiums but do not pay has increased to 8.55 percent. So with this the payment in to the health care fund has decreased in 2016 when compared with the year 2014. The health care cost is rising in Japan due to demographic change and increasing cost of medical equipments. In 2005 health care expenditure cost was around 33 trillion yen which has increased to 41.5 trillion in the year 2015. So, in the last ten years (2005-2015) one quarter of the total expenditure (around 10 trillion yen) has been added for health care.

In the 1990's many new legislations formulated for special care towards old age people (65 years and above) like Gold plan and new angel plan to cater the need for the old age and children. It is to be noted here that in this time the demography (old age population) was around 12 percent. More social care policies were formulated later to cope with the problems of Aging and child care.

## 2. Study area and research design (Methodology)

The research is study of national government policy towards welfare, health care policy and ageing society's implications in Japan. It is both qualitative and quantitative study. Data from Bureau of statics (Government of Japan) and Ministry of family, labor and welfare has been studied with regard to demographic change in Japan and its implication on the cost of health care in Japan. The study is focused between the period between 1990's to 2018 where trends in population structure change and health care financing cost by the government has been analyzed. Both primary and secondary source has been used in this paper. Primary source include Bureau of statistics and Ministry of Family health and welfare to know the trends in expenditure in health care cost and percentage change in the population pyramid in Japan. Secondary source include books and news papers, Journals for analyzing the problems in health care policy and status of aging that occurred in Japan.

Further, Indicators like population numbers (percentage change in the values, health expenditure (Total health expenditure, out of pocket expenditure, percentage change in expenditure with respect to previous years) has been used in the paper to measure the situation of cost of healthcare, government policy evaluation and outcome of welfare goals and social care problems.

### 3. Japan as a welfare state and its policies towards health care

Asa Briggs (2000)<sup>1</sup> defines welfare state as "A state in which organized power is deliberately used (through policies and administration) in an effort to modify the play of market forces in certain directions- first, by guaranteeing individuals and families a minimum income irrespective of the market value of their work or their property. Second, by narrowing the extent of insecurity by enabling individuals and families to meet certain". Social contingencies (for example sick, unemployment, old age) which lead otherwise to individual and family crises and third by ensuring that all citizens without distinction of status or class are offered the best standards available in relation to a certain agreed range of social services.

Goodman and White (1998) highlighted the characteristics of the East Asian welfare states<sup>2</sup> that were incorporated in the state development strategy. A development ideology that subordinated welfare to economic efficiency discourages dependence on the state, promoted private sources of welfare and diverted the financial resources of social insurance to investment in infrastructure.

Japan's public health care coverage system guarantees fair and equal access to universal medical care for all Japanese nationals. Patients can freely consult with any medical institution of their choice (Free access). Such facilities are located all over the country: 8,605 hospitals, 99,547 clinics and 68,156 dental clinics. The cost incurred to provide medical treatment is paid from the national treasury, insurance contributions and patient out-of-pocket expense to medical institutions at official prices common throughout the country.

In the 1990's Japan's welfare and health care role of state expanded. The restructuring (long term care, New angel and gold plan) of the health care policies including social care was lobbied by NPOs (Not for profit organization law 1998) and demands from women organizations for better work conditions and child care policies from the Government. Beginning of coalition politics (1993) and left wing political parties pressure pushed the government for more health care policies like long term care for elderly people in the year 2000.

Health care policies which were implemented in the last three decades shows the crisis that Japan is currently going through which has direct connection with the economic and

technological advancement and nuclear family trends that established in Japan after the world war II period.

### 4. Demographic transition: Declining Birth rate and death rate

Japan's population explains that in the 1950's the population pyramid of Japan had standard development having a broad base. Birth rate and death rate declined in the last few decades dramatically which has led to an almost different demographic reality. This new pyramid of population has narrow base and the grey populace has the large share in it. In 2016, the aged population (65 years and over) was 34.59 million, constituting 27.3 percent of the total population (i.e., one in every four persons) and marking a record high in the population pie.

As per statistical handbook of Japan 2017<sup>3</sup>, the period when the percentage of persons aged 65 and older exceeded 10 percent was 1985, but when looking at the U.S. and European countries, this occurred in 1940 in France, 1950 in Sweden, 1965 in Italy, and 1975 in the U.S., which are all earlier than in Japan. However, in 2015, the percentage of the population 65 and older in Japan was 26.6 percent, exceeding the U.S. (14.8 percent), France (19.1 percent), Sweden (19.9 percent), and Italy (22.4 percent), indicating that the aging society in Japan is progressing rapidly as compared to the U.S. and European countries. This demographic transition would certainly lead to issues of aging and its impacts on Japanese society at present and in the coming years. Medical technology advancement and research in health has declined death and birth rate but it has stagnated the population with 65 years and old having one of the largest shares in the population pie chart.

### 5. Japan's population Table in 2017 and projection

<sup>1</sup> Esping-Andersen's (1990) "three worlds of welfare capitalism" is the widely known work which categorize welfare state in three categories.

<sup>2</sup> It is very difficult to classify Japan into the Esping-Andersen model (Esping-Andersen 1990, 1999). Therefore, Japan is often regarded as a hybrid regime (Kato Masatoshi)

<sup>3</sup> Statistical handbook of Japan provides data on different sectors like Health, household, land among others

Year	Population (1,000)	Male	0-14(years)	15-65	65 and above	Rate of	Density	Age composition %	Population change
1872 <sup>1)</sup>	34,806		17,666	...	...	...	...	...	91
1900 <sup>1)</sup>	43,847		22,051	33.9	60.7	5.4	0.83		115
1910 <sup>1)</sup>	49,184		24,650	36.0	58.8	5.2	1.16		129
1920	55,963		28,044	36.5	58.3	5.3	1.30		147
1930	64,450		32,390	36.6	58.7	4.8	1.42		169
1940	71,933		35,387	36.7	58.5	4.8	1.10		188
1950	84,115		41,241	35.4	59.6	4.9	1.58		226
1955	90,077		44,243	33.4	61.2	5.3	1.38		242
1960	94,302		46,300	30.2	64.1	5.7	0.92		254
1965	99,209		48,692	25.7	68.0	6.3	1.02		267
1970	104,665		51,369	24.0	68.9	7.1	1.08		281
1975	111,940		55,091	24.3	67.7	7.9	1.35		301
1980	117,060		57,594	23.5	67.4	9.1	0.90		314
1985	121,049		59,497	21.5	68.2	10.3	0.67		325
1990	123,611		60,697	18.2	69.7	12.1	0.42		332
1995	125,570		61,574	16.0	69.5	14.6	0.31		337
2000	126,926		62,111	14.6	68.1	17.4	0.21		340
2005	127,768		62,349	13.8	66.1	20.2	0.13		343
2010	128,057		62,328	13.2	63.8	23.0	0.05		343
2015	127,095		61,842	12.6	60.7	26.6	-0.15		341
2016	126,933		61,766	12.4	60.3	27.3	-0.13		340
<b>(Projection, 2017)</b>									
2020	125,325		60,897	12.0	59.1	28.9	-0.32		336
2030	119,125		57,697	11.1	57.7	31.2	-0.51		319
2040	110,919		53,595	10.8	53.9	35.4	-0.71		297
2050	101,923		49,257	10.6	51.8	37.7	-0.84		273

Source: Statics bureau Japan, ministry of family health and welfare, Ministry of Land Infrastructure and communication

Japan's population projection as per statics bureau is quite grim with respect to aging population. The bureau and Ministry of Family welfare has predicted the size and structure of population that will have larger implication with respect to welfare of the elderly and child. Aging population(65 and above years) is supposed to be around 31.2,35.4 and 37.7 percentage in the year 2030 ,2040and 2050 respectively.The aging population would be around 37.7 percent in 2050 means the dependent population would be more than 50 percent while the population of child has decreasing percentage pattern but not at the rate that of the old age population.

Rate of population change also is in a negative trajectory from the year 2015 till 2050 which means less children and more aged population. Of population change in the year 2015 was -0.15 percentage while from the year 1872, the change rate has been in positive trajectory and around one percent which reflects Japanese stable population growth.Study of other societies like the developing societies shows a huge variation in population growth rate change.

Global burden of disease (2015)<sup>4</sup> data shows increase in life expectancy while reduction in death rate. Between 1990 to

the year 2015 life expectancy at birth has increased 79 years to 83.2 years which increase of 4.2 years.

<sup>4</sup>

<http://www.healthdata.org/sites/default/files/files/Projects/GBD/GBD201>

5\_Brief.pdf. It gives status of health in more than 190 countries in world including various types of diseases.

Population trends in Japan from the year 1980 to 2016.

Indicators	1980	1990	2000	2010	2016
Population (in thousands) <sup>a</sup>	117 060	123 611	126 926	128 057	126 940
Female (% of total) <sup>a</sup>	50.8	50.9	51.1	51.3	51.4
Population (% of total) <sup>a,b</sup>					
0–14 years	23.5	18.2	14.6	13.1	12.4
65 years and older	9.1	12.1	17.3	22.8	27.3
80 years and older	1.4	2.4	3.8	6.4	8.2
Annual population growth rate (%) <sup>a</sup>	0.90	0.42	0.21	0.05	−0.17**
Population density (per sq. km) <sup>a</sup>	314	332	340	343	341
Mean age at first child <sup>a</sup>	26.4	27.0	28.0	29.9	30.7
Mean age at first marriage <sup>a</sup>					
Male	27.8	28.4	28.8	30.5	31.1
Female	25.2	25.9	27.0	28.8	29.4
Total fertility rate (per woman) <sup>a</sup>	1.75	1.54	1.36	1.39	1.44
Crude birth rate (per 1000 population) <sup>a</sup>	13.6	10.0	9.5	8.5	7.8
Crude death rate (per 1000 population) <sup>a</sup>	6.2	6.7	7.7	9.5	10.5
Age-dependency ratio <sup>*</sup>	48.4	43.5	47.0	56.8	65.8 <sup>+</sup>
Urban population (%) <sup>c</sup>	76.2	77.3	78.6	90.5	93.5 <sup>++</sup>

Source: Bureau of statistics Japan

It's interesting to note here that the population of the elderly has increased in a very rapid way. The table above shows the data of around four decades of the Japanese population structure. The data shows that why Japanese government took many progressive policy decisions with respect to the old age population. It is important to note here that the population those of the 65 years old was the driving factor of Japan's economy because they were the main white collar and blue collar employees of companies and the bureaucrats of that time of high growth.

The population was 9.1 percent in the year 1980 which went up to 27.3 percent in the year 2016. This means almost one fourth of the population is dependent on the productive one. After that, children aged between 0-14 years are also dependent on the productive population which constitutes about 14 percent of the population. Total population of the dependent would be around 40 percent of the total population which is very huge and would ultimately put huge pressure on fiscal policy makers (politicians).

Japanese population has been almost stagnant in the last two decades<sup>5</sup> and above that these decades have been named as lost decades. In the year 1990, the population was 123611000 person while in year 2016 it is 126940000 person which has not much varied as compared to other countries like china or India which has grown very fast. The stable population has caused more old age population with time.

<sup>5</sup> In the 1970s, Japan produced the world's second-largest gross national product (GNP) after the United States and, by the late 1980s, ranked first in GNP per capita worldwide. But all of that ended in the early 1990s when its economy stalled, plunging the economy into what has been termed the *lost decade*.

Age dependency ratio<sup>6</sup> is another dimension through which the productivity of an economy can be gauged. It means more dependent people which is 65.8 percentage on the productive one. Further, productivity of women is also very low which means very less children produced to replace the current working age population.

Labor force work participation has undergone a shift towards women by the Abe government in the recent years. Japan has formulated a policy to empower women and fill the gap of the aging workforce which was actively involved the workforce in the last two decades. The first two arrows of Abenomics<sup>7</sup> which emphasizes on macroeconomic policies of the Prime Minister Shinzo Abe (Incumbent since 2012 to present), the third arrow emphasizes on various social and economic development of the economy.

The enhancement of female employment has been discussed by the Japanese government for the past few decades, yet the Abe government's female employment policies differ from those of the previous one. Song(2015) says "As opposed to emphasizing the improvement of gender equality as norm it has prioritized the economic empowerment of women as Japan's economic revitalization strategy and the business management". Further, the government has recommended quota for women workforce in managerial

<sup>6</sup> Age dependency ratio is the ratio of the population 0-14 years age plus 65 years above and the population between 15-64 years of age multiplied by 100. By this calculation age dependency value can be calculated.

<sup>7</sup> Abenomics is the economic reform agenda that was brought by prime minister Shinzo Abe which focuses on three pillars for over all socio economic development of the country.

position in the light of sluggish economy and dwindling work force in the country due to demographic transition.

**6. Rising health care cost, aging society policy and problems.**

According to Japan Statics Bureau “In fiscal 2014, social security benefit expenditures totaled 112.1 trillion yen (up 1.3 percent from the previous fiscal year), a figure which amounted to 882,100 yen per person. The ratio of Japan's social security benefit expenditures to national income registered 30.8 percent. Benefits for the aged accounted for approximately 70 percent of total social security benefit expenditures.

The rise in the social security expenditure could be assigned to few aspects of Japanese fiscal restraints and the demographic restructuring.

One, as discussed above more than one fourth of the population in Japan is above 65 years and above. Caring cost, old age pension and the rising medical technology prices had put substantial pressure for the government to manage the fiscal balance in a time when a country has faced lost decades of economic activity.

Two, When Japan's Gross domestic product is growing below or around one percent in the last many years, it has put financial constrains for the policy makers to manage the welfare goals of the state.

Third, Medical expenditure due to ageing society is alarmingly high. When the population of ageing society is increasing with time. Birth rate is abysmally low then the expenditure will naturally increase for the elderly care in the country. It can be understood by the data of statics bureau which says medical care expenditure to treat elderly was 14.5 trillion yen and it accounted around one third of the total medical expenditure in the country. It is alarming that one third medical expenditure has gone to the elderly while their population is around one fourth of the total population. Further 75 percent population has around 66 percent (two-third) of health budget cost in their share. It is interesting to note here that around 4 percentage of GDP of Japan went for the lateral stage elderly medical care in the fiscal year 2014.

Fourth, Due to aging society challenge the matter of funding is becoming more alarming. Working population is decreasing while dependents like elderly is increasing. Imbalance in the demographic pyramid will worsen the situation in coming years. Due to workforce size decreasing insurance premium incomes are dwindling. Further medical expenditure is increasing. Long term care insurance will put pressure on fiscal budget.

John Campbell(2000) discusses about the demographic transition of the society where policy decision has been taken place according to the development in the society with higher industrialization and medical advancement. Medical Science advancement has reduced death rate and birth rate in turn stabilizing the population for long time. The stable population in its next stage will give rise to ageing population. So Campbell mainly talks about three phases of policy towards the elderly from 1950's to 1990's. The first phase which covers the period after world war II to the early 1960's where this period is characterized as 'ageing problem'(rogomondai). So focus was on security of future of the current workers and the old age who are left over where no family care is available. In this period Law for the welfare of the Elderly (RojinFukushi-ho) was enacted in the year 1963. This act was the compilation of the existing welfare services to the elderly of the time.

The second phase was the period of the late 1960's and the 1970's. Japan during the second phase of old age people policy formulation started to consider old age people who were taken care by their family as well as it also included the people who were left out by their families. This phase has seen tremendous changes in the Japanese society with increasing population and old age people. High economic growth brought prosperity and high technological up gradation which ultimately led to medical science advancement. The medical science research and availability of medicines with high living standard pushed the community towards health life and high longevity of life. This longevity with low death and birth rate led to stable population which with some years creates ageing society. This phase has seen the problem as “old-people problem”.

The old age problem started becoming big social problem when the old age people number increased. The period of 1980's and 1990's saw many programmes by the government for the care of elderly. The phase has been named as “ageing society problem”. Serious policy issues have been taken into consideration during the period. Schemes like Gold plan scheme, New angel plan, long term care for elderly has been formulated into law. This period saw expensive schemes to solve the ageing society problems and it has been characterized as “ageing society problem”(Koreishakaimondai). Social problems in this period was mainly focused on common citizen.

Sakamoto et al(2018) in the “Health system review of Japan” observes the conundrum of health care policy towards child care, ageing society rising cost while maintaining the fiscal prudence. The problem in the rising cost has other dimension of economy.

**Health care expenditure trends in Japan from 1995 to 2014**

Expenditure	1995	2000	2005	2010	2014
Total health expenditure(% of GDP)	7	8	8	10	10
Expenditure on health(Public) % of THE	82	81	82	82	84
Expenditure on Health(Private) % of THE	18	19	19	18	16
Government expenditure on health(% of GTE)	15	15	18	19	20

OOP Payments (% of PHE)	79	81	83	81	85
OOP Payments (% of THE)	14	16	16	14	14

Source: World Health Organisation Note: GDP: gross domestic product; THE: total health-care expenditure; GTE: government total expenditure; PHE: private health expenditure; OOP: out-of-pocket

Expenditure trends in Japan shows that cost of health is increasing with every year in Japan. Percentage of GDP (gross domestic product) is most evident argument for expenditure trend of any country in general though it depends on the actual amount of GDP. For example if a average size country spends 8 percentage of GDP on health and Japan also spend 8 percentage of GDP on health care then the actual amount of Japan spending on health would be greater because it comes third in terms of GDP ranking in the world after USA and China.

Furthermore, expenditure trend in the health care is increasing with minor variations. One interesting observation about Japan is that in the last two decades the data variations in terms of various economic indicators are stable or have varied little. For example economic growth, population growth among others. Government is the biggest investor in the healthcare. As discussed in this paper more than 80 percent of the hospitals and clinics<sup>8</sup> are in private sector. Share of Public expenditure in health sector is 84 percentage in the year 2014 (16 percentage by private sector), while it was 81 percentage in the year 2000 and similar trend of health expenditure share has been seen in the previous decades.

Percentage of Out of pocket expenditure from the private health expenditure has been almost 80 percent since 1990's which is very high while the Out of pocket expenditure percentage is around 15 percent of the total health care expenditure. The increase in the Funding share and the shrinking of the GDP growth will have very serious impact on the Japanese health care expenditure where the society is aging and the government plans for fiscal consolidation in the near future and long term period.

Dallin (2016) in the "issues of Japan's aging population" laments that the gap that has been created in the Japanese workforce who retirees due to aging will impact the Japanese industry mainly the automobile industry and the electronic and IT industry. This will lead to short fall of the workforce in the ailing economy where Japan already has slipped in the third spot<sup>9</sup> in the economic chart of the world.

## 7. Health care policy challenges of Japan

Japan's universal health coverage provides health care insurance to the citizens at reasonable cost. Universal health coverage law was implemented in the year 1961. After wards the government is regulating universal health care policies. Japanese citizens can go to any hospital in Japan for free checkups under universal health coverage with some co-payment conditions. By far Japan has achieved tremendous success in its health care coverage. Some indices of human

development, longevity shows how far and well Japanese health care has performed.

The comparison of Japan's HDI to other developed country (OECD Countries) is important to understand its progress and policy initiative to achieve the health care goals that Japan has achieved so far. Human development Index is an index which includes three dimensions of the human living standard comparing and standardizing human goals: one, Long and healthy life. Two, access to knowledge. Three, decent standard of living. In the year 2017 Japan's HDI was 0.909 which is improving as compared to last decades.

Ikegami (1992) says that 81 percent of hospitals and 94 percent of clinics in Japan are privately operated which shows the dominance of the private sector in the country in health care unlike Developing countries where clinics largely operated by private sector while hospitals are more in the government sector while with liberalization and industrialization of the economy more private hospitals are coming up in the developing countries. Functionally, hospitals and clinics operate in the same manner and but have distinction with regards to structure. In legal terms a Hospital has more than 20 beds while clinics would have less than 20 beds in their premises.

In Japan, when the delivery system is liberal with governments policy of free trade, private investment. Financing and insurance sector is highly regulated. Citizens have to choose one plan among different plans which has limited variations which means almost every plan provides up to same set of medical care, long term care, medication among others. A Japanese person mandatorily joins a plan with the company if they are employed there and if self employed the insurance plan is regulated by the local city government or trade associations.

Government regulates the insurance plan of all and give policy guidelines from time to time to hospitals and care givers. Company employees and self employed people's insurance plan is regulated by the government. The insurer and care providers do not have power to negotiate the health care individually but they negotiate with the government's notification regarding the price fixation or any conflict thereof.

Uetsuka (2012) in "Characteristics of Japan's Healthcare Systems and the Problems" explains how Japanese insurance system is in conundrum. "Japan's insurance plans are divided into two systems. First is the insurance system for employees and their dependents, in which the premiums are divided equally between employer and employee. Second is the insurance system for the self-employed and their dependents. Both types of systems are on the verge of collapse, due to the heavy burden incurred in order to cover for healthcare costs by the elderly aged 75 and over". This trend will incur a lot of cost which will impact the fiscal coffers largely.

<sup>8</sup> Hospitals and clinics are mainly categorized on the basis of number of beds they hold and size of operation.

<sup>9</sup> 1) USA 2) CHINA 3) JAPAN in terms of gross domestic product.

Funding policy to health care in Japan is another big issue that Japan is undergoing through. Public spending is high in Japan which is due to welfare state goal of Japan to provide social care to the elderly, child and women in particular.

Many health care policy initiatives has been taken by the government in the last few decades. Zhang and Oyama(2016) argues that "Japan to achieve the target of healthcare delivery goals has focused on two areas substantially. First, the capability of the population to pursue necessary and adequate health services is related to how health care services are funded. The calibrated planned health insurance system has ensured medical services are affordable to every citizen, though it faces increasing financial challenges. Second, accessibility to health care services is related to the equal access to health care services, however, is not well solved yet and faces increasing challenges". Question of Funding and equal access, regional uniform dispersion of hospitals, staffing and bed utilization are some key problems that has to be looked in to the future policy initiative by Government.

Nomura(2017) says "Japan has been successful overall in reducing mortality and disability from most major diseases. However, progress has slowed down and health variations between prefectures is growing. In view of the limited association between the prefecture-level health system inputs and health outcomes, the potential sources of regional variations, including subnational health system performance, urgently need assessment"<sup>10</sup>.

### 8. A concluding Note.

Japanese economy and society have changed with the new challenges coming up in the 21<sup>st</sup> century. It has one of the highest longevity in the world and an efficient cost effective health care policy. Japan had implemented universal health care policy in 1961, where every citizen of Japan has to insure with a insurer. The beneficiary can freely move to any hospital in Japan for health care benefit under the insurance system. Demographic structure shift in Japan has also created policy challenges for effective health care delivery to old age, children and women. Percentage of old age population is (27.3percent 2017) has put pressure on the fiscal policy due to reduced productive work force and increased dependency ratio.

Demographic structure changes in Japan has put lot of financial pressure when the economy is in conundrum in the last three decades. Many measures have been taken in this time when Japan grew in terms of grey society. Gold plans ,angel plan, long term care for elderly schemes were introduced in 1990's to provide better care for elderly and Child. Old age care for elderly was focused as primary policy for Japan for better care for women. Financing for health care has become challenge for the government due to fiscal pressure. Many new policies regarding women has been taken by Abe government under the third arrow of Abenomics. Women labor participation increment, more participation in managerial post has been seen by analyst of Japanese economy and health care and

demography as a measure to balance the aging society gap and create economic activity in the economy.

Public and private investment in health care has different pattern in Japan while most of the hospitals and clinics are privately owned(more than 80%) but the expenditure(total health expenditure) by the government is more when compared to private. It shows government commitment towardsthe welfare state goals of Japan. Japan spends around 8 to 10 percent of its gross domestic product in health care which is high when compared to developing countries but less when compared to OECD countries.

Some challenges that Japan is facing now is aging population are increased expenditure, sluggish economy, staff problems(day care, old age care).Life style diseases and problems of suicide due to over work and depression is another issue which has to be solved through policy soon. Regional inequality in diseases occurrence and accessibility is also a problem (Nomura 2017).

Finally, More investment in heath, aging care policy with more care staff recruitment, strengthening of economy with abenomics goals, more labor participation of women could help the policy makers to solve the problem of demographic transition. Though the population pyramid has its pattern of progression but with better policy the problems can be solved. More skilled workers from the South east Asia and South Asia can add value in Japan to fill the workforce gap and enhance the economic activity of the economy and also for the health care industry.

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